

# **APPENDIX 53**

From: Wah-chung Hsu(/O=WYCKOFF HEIGHTS MEDICAL CENTER/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=WHSU)  
Date Sent: 2/15/2007 7:26:54 PM  
To: 'jwg01@health.state.ny.us'; 'dwk01@health.state.ny.us'  
CC: Richard Sarli; Edward Dowling; Harold McDonald  
Subject: RE: Cash Flow WHMC & Caritas

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Dennis,

In response to your questions:

1. The increased Medicaid amounts are catch-up from prior periods. You'll see that 4Q06 Medicaid amounts were low related to billing problems we had on the recently implemented Meditech billing system. Our projections are \$1.0 weekly for Medicaid and that's the reason the cash projections drop and level off at \$1.0 million.
2. You're correct in that the \$1.7 million was loaned and paid back. There was no other basis for the loan other than Wyckoff's cash shortfall. Once the overdraft was covered, the money was returned.

Wah-chung

-----Original Message-----

From: Edward Dowling  
Sent: Tuesday, February 13, 2007 2:45 PM  
To: Harold McDonald  
Cc: Richard Sarli; Wah-chung Hsu  
Subject: FW: Cash Flow WHMC & Caritas

We need to send response on this with the revised figures

Edward J Dowling Jr  
Sr. Vice-President, Brooklyn Queens Health Care, Inc  
95-25 Queens Boulevard, 3rd Floor  
Rego Park, New York 11374  
(646) 573-6996  
edowling@bqhcny.org

-----Original Message-----

From: Dennis W. Kling [mailto:dwk01@health.state.ny.us]  
Sent: Tuesday, February 13, 2007 2:39 PM  
To: Edward Dowling  
Cc: jwg01@health.state.ny.us  
Subject: Fw: Cash Flow WHMC & Caritas

Edward,

In a quick look at these numbers it appears that Wyckoff Height is the Hospital with cash flow problems currently. Caritas appears to have positive volume through 3/16/07.

I have two areas I would like explanations on when doing the additional analysis:

1. When you are giving the new projections can you explain why the Medicaid revenue for Wyckoff Heights has gone from \$1.4M on 2/2, to \$2.6M on 2/16, and then drops to \$1.2M on 2/23 and \$1M in the weeks after that?

2. It appears that 1.7M was loaned from Caritas to Wyckoff Heights on 2/2 and then repaid on 2/9. Is that correct ? They appear to have an enough cash for the short term, why did it have to be paid back so soon?

Thank you for looking into these two areas.

Dennis.

----- Forwarded by Dennis W. Kling/BPACR/DHCF/OHSM/DOH on 02/13/2007 02:13 PM -----

John  
Gahan/BPACR/DHCF/  
OHSM/DOH

02/13/2007 01:47  
PM

Dennis W.  
Kling/BPACR/DHCF/OHSM/DOH@NYSDOH

To

cc

Subject

FW: Cash Flow WHMC & Caritas

FYI

----- Forwarded by John Gahan/BPACR/DHCF/OHSM/DOH on 02/13/2007 01:47 PM -----

"Edward Dowling"  
<EDowling@BQHCNY.  
ORG>

02/13/2007 01:33  
PM

<jwg01@health.state.ny.us>

To

cc

Subject

FW: Cash Flow WHMC & Caritas

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From: Edward Dowling  
Sent: Thursday, February 08, 2007 8:37 AM  
To: DVW01@health.state.ny.us  
Cc: Dominick Gio; Harold McDonald  
Subject: FW: Cash Flow WHMC & Caritas

David -

I called yesterday to advise you as to the status of the Caritas transition and to explore assistance of the Department in dealing with working capital shortfalls at Caritas. I ask that you share our concerns with the new Commissioner and Dennis Whalen.

Caritas has 7 to 10 days of cash left and time is of the essence with respect to a plan of correction. I have attached Caritas and Wyckoff weekly cash positions for your information.

1. We believe the underlying businesses remain fundamentally sound as going concerns
2. There have been short term transition problems in dropping clean bills and in migration of systems from SVCMC to Caritas that have overtaxed what were adequate but razor-thin assumptions in the business plan. For example, our clearinghouse was unable to reconcile transmission of bills of SVCMC for prior periods and Caritas for post Jan 1 periods using the same provider numbers, but different tax IDs. Clean bills did not hit third parties until this week and have pushed out revenue cycle several weeks.
3. We are seeking, and may conclude today, a sale/leaseback of parking facilities at Caritas sites that will likely net approximately \$9 mill over the next 14-28 days.
4. We have approached HFG, the lender of the Caritas bridge loan of \$15 mill to accelerate that facility to \$20 mill as originally planned against AR as billing built up

These plans may not succeed or may not be sufficient if they are placed, and we may need your assistance in structuring additional interventions to avert what I believe would be a serious blow to health care in Queens, affecting the lives of patients and thousands of staff applying every effort to right this ship. It is not at all clear to me that if Caritas were forced to seek reorganization, that the timing of revenue availability or the timing of DIP financing would avert the cash crisis.

I urge your assistance in the next few days.

I have also included spreadsheets re Wyckoff Heights for your information. We have a meeting scheduled Friday AM with Lora Lefevbre at DASNY. Wyckoff is not in a position to assist in the Caritas situation and has its own short term problems that are a bit more manageable. WHMC remains financially whole with respect to Caritas with the exception of a

receiveable from the WHMC Foundation to Caritas of approximately \$1.5 million. However, we have been working night and day to integrate a variety of corporate functions through BQHC, including accounting, finance, payroll, payables and materials management. In the worst case scenarios for Caritas, there may be some unwinding issues with respect to these shared services that could affect WHMC.

We repeat our request that the Department consider a waiver of the Medicaid lag for WHMC as soon as practical.

We will ask DASNY to refinance the \$4.8 mill restructuring loan from the current \$800k balance back to the original \$4.8 principal amount. We will also request a release of special debt service reserve funds from the major mod financing, and we will further seek approval for a potential AR financing and mortgaging of various properties outside the bond deal.

Buzz Dowling

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From: Hal McNeil  
Sent: Tuesday, February 06, 2007 3:34 PM  
To: Dominick Gio; Harold Mcdonald; Wah-chung Hsu; Richard Sarli; Edward Dowling  
Subject: Cash Flow WHMC & Caritas

Gentlemen  
Attached are cash projections for Wyckoff and Caritas

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